

Message Text

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ACTION SS-25

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 5644

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION NATO BRUSSELS

USMISSION GENEVA

USDEL MTN GENEVA

S E C R E T LONDON 15932

EXDIS

E.O. 11652: XGDS-1

TAGS: ETRD, UK

SUBJECT: CALLAGHAN ON PROTECTIONISM

REF: STATE 231115

1. SUMMARY. FOREIGN SECRETARY CALLAGHAN EXPRESSED TO ME HIS CONCERN OVER THE DANGERS OF PROTECTIONISM AND HIS DESIRE TO AVOID ITS BECOMING AN ISSUE BETWEEN US AND EC. END SUMMARY.

2. IN COURSE OF GENERAL DISCUSSION WITH ME YESTERDAY (OCTOBER 14) FOREIGN SECRETARY CALLAGHAN VOICED HIS CONCERN OVER RISING PROTECTIONIST SENTIMENT ON BOTH SIDES OF THE ATLANTIC. HE COMMENTED THAT CHANCELLOR HEALEY AND
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TRADE SECRETARY SHORE WERE STILL "ROBUST" IN RESISTING

PRESSURES FOR PROTECTIONIST MEASURES, BUT THAT USG POSITION WAS ABSOLUTELY CRITICAL -- IF THERE IS ANY WEAKENING THERE, THEN WE'RE ALL LIKELY TO GO."

3. REFERRING TO HIS BRIEFING PAPERS, CALLAGHAN OBSERVED THAT SOME PEOPLE WERE CLAIMING THAT US DOMESTIC LAW (I.E., THE RELIEF PROVISIONS OF THE TRADE ACT), WAS APPARENTLY NOT IN ACCORD WITH GATT. DRAWING FULLY ON REFTEL, I STRESSED THAT THERE HAD BEEN NO CHANGE IN US TRADE POLICY AND THAT USG WAS SIMPLY FOLLOWING A SERIES OF PROCEDURAL STEPS REQUIRED BY US LAW. CALLAGHAN APPEARED REASSURED BY MY PRESENTATION AND BY THE INFORMATION CONTAINED REFTEL. HE SAID THIS WAS AN ISSUE THAT WOULD NO DOUBT BE DISCUSSED AT THE FORTHCOMING ECONOMIC SUMMIT.

4. CALLAGHAN EXPRESSED PARTICULAR INTEREST IN THE CASE OF BRITISH STEEL EXPORTS TO THE US. IT WAS HIS UNDERSTANDING THAT SOME IMMEDIATE TARIFF RELIEF HAD ALREADY BEEN ORDERED MN STEEL. I SAID THAT AS FAR AS I KNEW THIS WAS NOT SO, BUT AT HIS SPECIFIC REQUEST, I UNDERTOOK TO LOOK INTO THE MATTER.

5. WHEN FCO ASSISTANT UNDER SECRETARY EDMONDS ATTEMPTED TO RAISE THE QUESTION OF MOTOR CARS, CALLAGHAN CUT HIM SHORT, SAYING, "I'M LEAVING PROTECTIONISM NOW." NOTING THAT THERE WAS A "DISPOSITION IN SOME QUARTERS" TO MAKE PROTECTIONISM A GREAT ISSUE BETWEEN US AND EC, CALLAGHAN SAID THAT HE WAS RAISING IT WITH ME SO THAT HE COULD TELL HIS EC PARTNERS HE HAD DONE SO. IT WAS IMPORTANT, HE CONCLUDED, THAT US AND UK REINFORCE ONE ANOTHER IN THIS FIELD.

6. ACTION REQUESTED: IN RESPONSE TO CALLAGHAN'S QUESTION ABOUT TARIFF RELIEF FOR STEEL, I SHOULD APPRECIATE RECEIVING ANY ADDITIONAL COMMENTS THE DEPARTMENT MAY WISH ME TO MAKE TO HIM.

RICHARDSON

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